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SUBJECT: UKRAINE: U.S. AMBASSADOR VISITS SUMY IN
NORTHEASTERN UKRAINE

TREAT AS SENSITIVE BUT UNCLASSIFIED. NOT FOR INTERNET
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1. (SBU) Summary. Ambassador Taylor on September 25 became the first U.S. Ambassador to officially visit the Sumy Oblast (region) in northeastern Ukraine. The Ambassador met with the Governor and the Mayor of the city of Sumy before attending Sumy's International Economic Forum. He also spoke with young politicians representing four different political parties to discuss Ukraine's current political uncertainty. One theme heard repeatedly during the visit was that despite political unrest in Kyiv, Sumy leaders have learned to work together regardless of party loyalties to make the Sumy oblast a better place for its residents. Sumy's large heavy industry sector and increased industrial growth have recently made Sumy more attractive to foreign investment. In addition, Sumy shares a border with Russia and seems to be able to balance good relations with its northern neighbor without sacrificing opportunities to develop commercial ties with the West. End summary.

Political Background

2. (SBU) The Sumy oblast, with a population of about 1.2 million, borders Russia and has supported the Orange political forces since 2004. Given its geographic proximity to Russia and to Kharkiv oblast, a Party of Regions stronghold, one might expect that Sumy would also lean in support of the Party of Regions, but it currently does not. Sumy Governor Mykola Lavryk told the Ambassador that one of the main reasons Sumy remains "Orange" is because Ukrainian President Viktor Yushchenko is a native son of Sumy, born in the town of Khoruzhivka. (Note: in the September 2007 snap parliamentary elections the majority of Sumy residents voted "Orange" but Sumy residents preferred the block of Yuliya Tymoshenko (BYuT) over the President's party with 41% of voters supporting BYuT, 20.7% supporting the Party of Regions and only 14.9% supporting the pro-Presidential Our Ukraine-National Self-Defense block. End note.)

Sumy's Annual Economic Forum

3. (SBU) On September 26, the Ambassador traveled 90 km outside of the oblast center Sumy to the resort "Bujmerivka" for the Sumy Fourth Annual International Economic Forum. The Ambassador met with the Indian-born developers of the resort town, who were quite positive about commercial possibilities in Sumy. The developers had created an outdoor retreat with swimming pools, tennis courts, and restaurants deep in the woods of Sumy. Developers told the Ambassador that the Sumy oblast had been particularly supportive of foreign investment, which was evident during the course of the forum.

14. (SBU) According to Sumy officials, its chemical and agricultural machinery industries have accelerated Sumy's economic growth. In addition, Sumy's mining and iron ore production and oil and gas processing sectors have attracted additional interest in this "sleeping" oblast. Sumy boasts a doubled industrial growth rate in 2007 and a production growth rate two times the national average.

15. (SBU) The Ambassador was joined at the forum by the Argentine Ambassador and several diplomats from neighboring countries, as well as a host of business representatives interested in doing business in Sumy. Polish, Lithuanian, Russian, and German investors said Sumy openly welcomed foreign investment and were upbeat about Sumy's business potential.

Meeting with Governor Lavryk

16. (SBU) The Ambassador discussed the following points with Sumy Oblast Governor Mykola Lavryk on September 26:

--Governor Lavryk was particularly pleased to be the first Sumy Governor to host a U.S. Ambassador, and considered it a positive sign of continued U.S. support for Sumy and Ukraine.

--Lavryk was outspoken in support of Georgia during its crisis with Russia, and appreciated the U.S. support for Georgia. The Ambassador noted that President's Bush's visit and Vice President Cheney's visit were also signs of the

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United States' continued support for Ukraine.

--Discussing the common border with Russia, Lavryk noted that a recent Ukrainian survey revealed that Russia was using hundreds of hectares of land on the Ukrainian side of the border. He said the GOU was currently taking back the land, but was not specific.

--Lavryk conceded that he was not popular in Russia, recounting struggles with Russia over transferring control of an Orthodox church from the Moscow Patriarchate to the Kyiv Patriarchate, and the dismantling of a prominent Lenin statue. Nonetheless, Russia and Sumy maintained good commercial relations, Lavryk said. He believed the overall quality of life on both sides of the border was about equal, and expressed confidence that Sumy could improve the quality of life by boosting economic growth and maintaining good commercial relations with Russia.

--Lavryk expressed strong support for President Yushchenko. He said most of Sumy supports the President, since the President was born in Sumy oblast in the town of Khoruzhivka. Governor Lavryk was previously the Governor of neighboring Chernihiv oblast from 2005-2007 and was appointed Governor of Sumy in April 2008 by President Yushchenko. Lavryk asserted that only Yushchenko has the political ability and fortitude to keep Ukraine's democracy intact.

--When asked how Ukraine should solve the ongoing political crisis, Lavryk was adamant that only new elections could resolve the political crisis in Kyiv. He did not feel any coalition could be formed in lieu of elections.

Meeting with Mayor Minayev

17. (SBU) The Ambassador discussed the following with Sumy Mayor Hennadiy Minayev:

--Mayor Minayev (member of the Sumy-specific party Night Watch) told us he survived what he called impeachment proceedings by a single vote in 2007. He subsequently

established an executive committee in which members of different parties are represented. The Mayor claimed that the committee helped him overcome party differences in the City Council. All parties were now working together. Separately, four members of the City Council, each representing different parties, reaffirmed that the Sumy City Council is now moving important projects forward and is not stymied by political unrest. (Note: Party of Regions (POR) City Council Member Oleksiy Movchan told us that he had been instructed by POR leaders to vote against Minayev's impeachment, as POR leaders were afraid his impeachment would result in a BYuT member becoming Mayor. End note.)

--The Mayor told us he appointed successful Sumy businessmen Mykola Trofymenko, head of Sumy's largest chemical plant, and Volodymyr Pavchenko, a successful construction company owner, as his deputies to provide the economic leadership the City was in need of. Trofymenko and Pavchenko alluded to the Ukrainian expression "Ukrainians unite one minute before the execution" to describe the Mayor's impeachment proceedings. They explained that Minayev was able to assemble a powerful team of managers throughout the city who knew business and could implement best business practices as soon as possible. Minayev asserted that his decision to assemble such a business-minded team has resulted in great economic success for the city of Sumy and the oblast as well.

--Minayev stressed Sumy's chemical industry which mainly produces fertilizer as a means to further improve Sumy; he noted that Sumy-produced fertilizer cost four times less than U.S. fertilizer, adding that investment in Sumy's chemical sector is a key city priority.

--Minayev believed that all current deputies in the parliament should step down and new, younger politicians are needed. He called for Yushchenko, Tymoshenko, and Yanukovych to sit in a locked room together and hammer out all their differences, before being allowed to leave the room. He also viewed another election as the only probable way to resolve the political strife in Kyiv.

Meeting with Young Politicians

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18. (SBU) The Ambassador had dinner with four young and engaging politicians from Sumy: Volodymyr Voitenko from BYuT, Vitaliy Moiseyenko from Our Ukraine, Oleksiy Movchan from Party of Regions, and Rodion Kochubei from the Night Watch party. (Note: Night watch is a political party founded in 2004 by Sumy students who protested 2004 presidential election fraud; several Ukrainian historians believe the Orange Revolution was started when these students were arrested and beaten by police in Sumy. End note.) These politicians discussed the following:

--Although Kyiv seems unable to overcome party differences for the good of the country, Sumy City Council members have been able to do it. All four politicians agreed there is a political will in Sumy that puts the needs of Sumy residents first, adding that they did not see that kind of multipartisanship in Kyiv.

--All four politicians agreed that constant political instability in Kyiv did affect the oblast, especially since budget funds come from Kyiv. They noted that Kyiv's inability to properly fund roads nationally is noticed by anyone who travels to Sumy by car. They added that many citizens of Sumy had grown tired of political unrest, and commented that voter turnout in another election would probably be much lower than turnout for the September 2007 snap elections.

--Three of the four politicians believed Ukraine should join NATO, while Mr. Movchan from the Party of Regions (Party of

Regions is a minority in both the oblast and city governments) was clearly against NATO membership. Movchan expected that a national referendum would prove that the majority of Ukrainians do not support Ukraine's membership in NATO.

19. (SBU) Comment. The visit to Sumy underscored the notion that Kyiv's political uncertainty does not necessarily extend to other regions in Ukraine. In fact, Sumy leadership asserted that parties can overcome their differences for the greater good and work reasonably well with each other. Sumy officials have attributed economic growth to a willingness by Sumy officials to attract much-needed foreign investment, which they added is not the case in Kyiv at present. The annual economic forum in Sumy showcased Sumy's potential and its willingness to attract much-needed foreign investment to all of its business sectors to this largely unknown oblast. End comment.
TAYLOR